



MICHIGAN  
HOUSE OF REPRESENTATIVES  
P.O. Box 30014  
LANSING, MICHIGAN 48909-7514

**THE MINUTES OF THE HOUSE STANDING COMMITTEE  
ON  
COMMERCE AND TRADE**

**Thursday, December 8<sup>th</sup>, 2016**

**8:15 a.m.**

**Room 521 House Office Building**

The House Standing Committee on Commerce and Trade was called to order by Representative Joseph Graves, Chair.

Members Present: Reps. Graves, Sheppard, Callton, Jenkins, Johnson, Rendon, Somerville, Hughes, Barrett, Garcia, Glenn, Leutheuser, Schor, Townsend, Byrd, Geiss, Love and Moss.

Members Absent: Rep. Garrett.

Representative Sheppard moved to adopt the minutes from the December 6th, 2016 meeting. There being no objection, the motion prevailed by unanimous consent.

The Chair laid SB 279 and SB 280 before the committee:

SB 279 (Knollenberg) Retirement; public school employees; computing retirement allowance based on employee organization professional services leave or released time; modify.

SB 280 (Knollenberg) Labor; collective bargaining; public employer contracts that pay union officials for time conducting union business; prohibit.

Senator Knollenberg testified in support of his bills.

Representative Glenn testified on the proposed substitute (H-2) to SB 280.

Representative Glenn moved to adopt substitute (H-2) to SB 280. The motion prevailed by a vote of 12-6-0.

**FAVORABLE ROLL CALL:**

Yeas: Reps. Graves, Sheppard, Callton, Jenkins, Johnson, Rendon, Somerville, Hughes, Barrett, Garcia, Glenn and Leutheuser.

Nays: Reps. Schor, Townsend, Byrd, Geiss, Love and Moss.

Pass: None.

Questions and discussion continued with Senator Knollenberg.

Ray Holman, representing the UAW Local 6000, Nick Ciaramitaro and Mark Williams, both representing AFSCME, and Bill Black, representing the Teamsters, all testified in opposition to the bills. Questions and discussion followed.

Chris Wigent, representing the Michigan Association of School Administrators, Jennifer Smith, representing Michigan Association of School Boards, and Thomas Shelton, representing Ferndale Public School, all testified in opposition to the bills. Questions and discussion followed.

The Chair laid SB 1088 before the committee:

SB 1088 (MacGregor) Liquor; distribution; retail sale or delivery of beer or wine by a third party; modify.

Senator MacGregor, Representative Yonker, Howard Goldberg representing the Michigan Beer and Wine Wholesalers, all testified in support of the bill.

Representative Sheppard moved to adopt substitute (H-2) to SB 1088. The motion prevailed by a vote of 16-0-0.

**FAVORABLE ROLL CALL:**

Yeas: Reps. Graves, Sheppard, Callton, Jenkins, Rendon, Hughes, Barrett, Garcia, Glenn, Leutheuser, Schor, Townsend, Bryd, Geiss, Love and Moss.

Nays: None.

Pass: None.

Questions and discussion continued with Senator MacGregor and Mr. Goldberg.

The following people submitted a card in support of the bill, but did not wish to speak:

Brendan Ringlever, representing the Michigan Spirits Association.

Spencer Nevins, representing the Michigan Beer and Wine Wholesalers Association.

Nick Goebel, representing the Great Lakes Wine and Spirits.

Matt Miner, representing the National Association of Wine Retailers, submitted a card in opposition to the bill, but did not wish to speak.

Kerry Krone and Julie Wendt, representing Michigan Liquor Control Commission, submitted a card with no position, and did not wish to speak.

Representative Leutheuser moved to report SB 1088 with recommendation, as substitute (H-2). The motion prevailed by a vote of 16-0-0.

**FAVORABLE ROLL CALL:**

Yeas: Reps. Graves, Sheppard, Callton, Jenkins, Rendon, Hughes, Barrett, Garcia, Glenn, Leutheuser, Schor, Townsend, Byrd, Geiss, Love and Moss.

Nays: None.

Pass: None.

The Chair returned to SB 279 and SB 280.

Michael Flowers, representing the Lansing Board of Water Light, Sandra Draggoo, representing Lansing CATA, and Brenda Moore, representing herself as a Saginaw Community Activist, all testified in opposition to the bills.

James Hohman and Jarrett Skorup, representing the Mackinac Center, testified in support of the bills. Questions and discussion followed.

The following people submitted a card in opposition to the bills, but did not wish to speak:

Jonathan Bird, representing the Kellogg Community College.  
Fran Brennon, representing the Michigan State AFL-CIO.  
Tim Hughes, representing the Michigan AFL-CIO.  
Annalisa Gronwald, representing the Michigan Association of Intermediate School Administrators.  
Chris Hackberth, representing the Michigan Municipal League.  
Julie Rowe, representing the AFT of Michigan.  
Andrea O'Quist, representing Livonia Public Schools.  
Dawn Kettinger, representing the Michigan Nurses Association.  
Mark Howe, representing the Department of Education.  
Kathleen Kelley, representing the Amalgamated Transit Union.  
Jim Drauenstatt—Moceri, representing the Lansing Board of Water and Light.  
Liza Eshund Olson, representing SEIU.  
Ron Byrnes, representing the Lansing Board of Water and Light.  
Kathleen Merry, representing Wayne RESA.

The following people submitted cards in support of the bills, but did not wish to speak:

Charles Owen, representing the National Federation of Independent Business.  
Tony Daunt, representing the Michigan Freedom Fund.

Representing Moss offered the following amendment to SB 279:

1. Amend page 1, following "**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**" by striking out the balance of the bill and inserting:

"Sec. 71. (1) The retirement board shall grant service credit for the time a member is on a sabbatical leave authorized by a reporting unit, if the member returns to regular employment with the same reporting unit and acquires 1 year or more of subsequent service credit with that same reporting unit and if the member acquired 5 or more years of credited service with the reporting unit immediately before the sabbatical leave.

(2) If the sabbatical leave described in subsection (1) is granted before July 1, 1981, the reporting unit, if the reporting unit had a noncontributory plan at the time the sabbatical leave is granted, or the member, if the reporting unit has a contributory plan at the time the sabbatical leave is granted, shall pay to the system for each year of sabbatical leave credit an amount equal to 5% of the member's compensation earned in the school fiscal year immediately before the school fiscal year in which the sabbatical leave is granted, together with regular interest from the end of the school fiscal year in which the sabbatical leave was or is granted to the earlier of the following dates following the date of payment, the first day of the school fiscal year beginning after the date of payment or the first day of the seventh month of the school fiscal year in which the payment is made. If the reporting unit makes the payment required by this subsection, the reporting unit also shall pay the required interest. If the member makes the payment required by this subsection, the member also shall pay the required interest.

(3) If the sabbatical leave described in subsection (1) is granted after June 30, 1981, the member shall pay an amount equal to 5% of the member's full-time or equated full-time

compensation earned in the school fiscal year immediately before the school fiscal year in which payment is made for each year of service credit the member elects to purchase. In computing payment under this subsection, the compensation amount used, except as otherwise provided in this subsection, shall not be less than the highest school fiscal year compensation the member earned from the reporting unit that granted the sabbatical leave. If the compensation amount used for computing payment under this subsection exceeds the member's final average compensation determined at the time of retirement, the payment required under this subsection ~~shall~~ **MUST** be recomputed using the member's final average compensation and a refund ~~shall~~ **MUST** be made based ~~upon~~ **ON** the recomputation.

(4) If, before October 31, 1980, either the reporting unit or the member has contributed 5% of the member's compensation for the school fiscal year in which the sabbatical leave was granted in order to purchase service credit for ~~that~~ **THE** sabbatical leave, a further payment for the purchase of service credit for that sabbatical leave ~~shall~~ **IS** not be required. If a member has paid the amount required under subsection (2) for the purchase of service credit for sabbatical leave, but later receives a refund of that amount, the member, not the reporting unit, shall repay the amount with regular interest as required by subsection (2) if the member elects to purchase service credit for the sabbatical leave.

(5) Effective October 1, 1981, the retirement board shall grant service credit for the time a member is on either an employee organization professional services leave or employee organization professional services released time authorized by a reporting unit if all of the following conditions are satisfied, as applicable:

(a) ~~For~~ **UNTIL THE EFFECTIVE DATE OF THE 2016 AMENDATORY ACT THAT AMENDED THIS SUBDIVISION, FOR** a member who is on either a professional services leave or professional services released time that first began before October 1, 1996, which leave or released time is renewed annually by the reporting unit, the member is included on the reporting unit's reports required by section 42(6) and compensation, service, contribution, and other requirements are reported on the same basis as for those members of the reporting unit who were not granted an employee organization professional services leave or employee organization professional services released time.

(b) For a member who is on either a professional services leave or professional services released time, which leave or released time does not meet the requirements of subdivision (a), the member is included on the reporting unit's reports in the manner required by subdivision (a), except that compensation is reported at the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time along with the normal and customary compensation increases that would have been paid to the member by the reporting unit had the member remained in the same position held at the reporting unit immediately preceding the date the member commenced the leave or released time. However, if the member was not working a full 12-month period for the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time and is working a full 12-month period for the public school employee organization, the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the leave or released time may be increased proportionately to reflect the additional time worked for the public school employee organization. That adjusted compensation, along with the normal and customary compensation increases otherwise allowed in this subdivision, shall must then be reported as required in this subdivision.

(c) ~~For~~ **UNTIL THE EFFECTIVE DATE OF THE 2016 AMENDATORY ACT THAT AMENDED THIS SUBDIVISION, FOR** a member who is on either a professional services leave or professional services released time that first began before October 1, 1996, which leave or released time is renewed annually by the reporting unit, the reporting unit remits the amount required by section 42 and the percentage of aggregate annual compensation provided from the state school aid fund for current service, if any, the percentage determined for unfunded accrued service as required by section 41, and the employer's share of social security contributions if the reporting unit is responsible for remitting the employee's share of social security contributions.

(d) For a member who is on either a professional services leave or professional services released time, which professional services leave or professional services released time does not meet the requirements of subdivision (c), the reporting unit remits the amounts required by subdivision (c) based ~~upon~~ **ON** the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the professional services leave or professional services

released time along with the normal and customary compensation increases that would have been paid to the member by the reporting unit had the member remained in the same position held at the reporting unit immediately preceding the date the member commenced the leave or released time. However, if the member was not working a full 12-month period for the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time and is working a full 12-month period for the public school employee organization, the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the leave or released time may be increased proportionately to reflect the additional time worked for the public school employee organization. That adjusted compensation, along with the normal and customary compensation increases otherwise allowed in this subdivision, shall **MUST** then be reported as required in this subdivision.

(6) ~~The reporting unit shall be reimbursed those sums paid to the retirement board pursuant to subsection (5) by the member or the public school employee organization~~ **SHALL**, on a current basis, **REIMBURSE THE REPORTING UNIT THE AMOUNTS PAID TO THE RETIREMENT BOARD UNDER SUBSECTION (5).** A member who has credited service as an employee of a school district of the first class, as described in part 6 of the revised school code, Act No. 451 of the Public Acts of 1976, being sections 380.401 to 380.485 of the Michigan Compiled Laws, **1976 PA 451, MCL 380.401 TO 380.485**, for a leave of absence effective before October 1, 1981, shall continue **CONTINUES** to receive credit based upon the provisions of the law **ON THE LAWS** of this state in effect at the time the leave of absence was initially effective.

Enacting section 1. This amendatory act takes effect 90 days after the date it is enacted into law.".

Representative Moss moved to adopt the amendment to SB 279. The motion did not prevail by a vote of 6-12-0.

#### **UNFAVORABLE ROLL CALL:**

Yeas: Reps. Schor, Townsend, Byrd, Geiss, Love and Moss.

Nays: Reps. Graves, Sheppard, Callton, Jenkins, Johnson, Rendon, Somerville, Hughes, Barrett, Garcia, Glenn and Leutheuser.

Pass: None.

The Chair laid SB 627 before the committee:

SB 627 (Kowall) State financing and management; authorities; public-private partnerships; allow for certain public authorities.

Senator Kowall and Joe Pavona, representing the Administration and the Michigan Department of Transportation, both testified in support of the bill. Questions and discussion followed.

David Dudenhoefer, representing the Michigan Campaign for Liberty, James Walker, representing National Motorist Association, and Robert Eslez, representing Owner Operator Independent Drivers Association, Trucking Association, all testified in opposition to the bill. Questions and discussion followed.

The following people submitted cards in support of the bill, but did not wish to speak:

Ron Brenke, representing the American Council of Engineering Companies.

Nick Ciaramitaro, representing AFSCME.

The following people submitted a card in opposition to the bill, but did not wish to speak:

Mara Cruz, representing A.D. Transport Express.  
Andrew Doerr, representing the American Insurance Association.  
Tyrell Bunder.  
Mary Lenoet, representing Surety and Fidelity Association of America.  
Judy Augenstein, representing the Timber Professionals Association.

Walter Heinuitzi, representing the Michigan Trucking Association, submitted a card with no position on the bill, and did not wish to speak.

The Chair laid HB 5298 before the committee:

HB 5928 (Graves) Use tax; collections; collection of sales tax on core charge for motor vehicle and recreational vehicle parts or batteries; exempt.

Representative Townsend offered the following amendment:

1. Amend page 8, following line 26, by inserting:  
"Enacting section 1. The legislature shall annually appropriate sufficient funds from the state general fund to the state school aid fund created in section 11 of article IX of the state constitution of 1963 to fully compensate for any loss of revenue to the state school aid fund resulting from the enactment of this amendatory act.".

Representative Townsend moved to adopt the amendment to HB 5298. The motion did not prevail by a vote of 6-11-0.

**UNFAVORABLE ROLL CALL:**

Yeas: Reps. Schor, Townsend, Byrd, Geiss, Love and Moss.  
Nays: Reps. Graves, Sheppard, Callton, Jenkins, Johnson, Rendon, Somerville, Hughes, Garcia, Glenn and Leutheuser.  
Pass: None.

The following people submitted a card in support of the bill, but did not wish to speak:

Bob Kefgen, representing the Michigan Association of Secondary School Principals.  
Debbie Cook, representing the Michigan Auto Parts Association.  
Charles Owens, representing the National Federation of Independent Business.

The following people submitted a card in opposition to the bill, but did not wish to speak:

Peter Spadafore, representing the Michigan Association of School Administrators.  
Jennifer Smith, representing the Michigan Association of School Boards.

The Chair laid the committee at ease, the time being 9:42 a.m.

The Chair brought the committee back to order 9:43 a.m.

Representative Sheppard moved to report HB 5928 with recommendation. The motion prevailed by a vote of 14-1-3.

**FAVORABLE ROLL CALL:**

Yeas: Reps. Graves, Sheppard, Callton, Jenkins, Johnson, Rendon, Somerville, Hughes, Barrett, Garcia, Glenn, Leutheuser, Byrd and Geiss.

Nays: Rep. Townsend.

Pass: Reps. Schor, Love and Moss.

The Chair returned to SB 279 and SB 280.

Representative Leutheuser moved to report SB 279 with recommendation. The motion prevailed by a vote of 12-6-0.

**FAVORABLE ROLL CALL:**

Yeas: Reps. Graves, Sheppard, Callton, Jenkins, Johnson, Rendon, Somerville, Hughes, Barrett, Garcia, Glenn and Leutheuser,

Nays: Reps. Schor, Townsend, Byrd, Geiss, Love and Moss.

Pass: None.

Representative Garcia moved to report SB 280 with recommendation, as substitute (H-2). The motion prevailed by a vote of 11-6-1.

**FAVORABLE ROLL CALL:**

Yeas: Reps. Graves, Sheppard, Jenkins, Johnson, Rendon, Somerville, Hughes, Barrett, Garcia, Glenn and Leutheuser,

Nays: Reps. Schor, Townsend, Byrd, Geiss, Love and Moss.

Pass: Rep. Callton.

The Chair laid the committee at ease, the time being 9:45 a.m.

The Chair adjourned the meeting at 5:34 p.m. from the House Floor.

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**Representative Joseph Graves, Chair**  
**House Standing Committee on Commerce and Trade**  
Angie Lake  
Committee Clerk  
517-373-5795